

SVM

All Europe SRI Fund

The Fund aims to achieve medium to long-term capital growth and to outperform the FTSE World Europe Index. It adopts a positive engagement approach toward investment and enters into meaningful dialogue with companies regarding social and environmental issues. Investments are made in European stocks and other permitted securities.

August 2020 | Share Class B

Figures as at 31 July 2020



Fund Managers



Neil Veitch
Co Fund Manager

Industry Experience: 24

Years at SVM: 14

Appointed: 31/10/2006



Hugh Cuthbert
Co Fund Manager

Industry Experience: 25

Years at SVM: 14

Appointed: 31/10/2006

Monthly Fund Commentary

Markets remained volatile during July. Economic data was mixed during the month as was progress in combating COVID. Second quarter GDP figures for all major economies were unsurprisingly weak, showing year-on-year declines that would have been almost unimaginable at the start of the year. Your fund returned -1.3% during the month versus the FTSE Europe which returned -2.1%.

Towards the end of the month an increasing number of COVID cases in many European countries has led to fears that we may be entering a 'second wave' of the pandemic. Such concerns may be premature. While it is right that governments continue to act with heightened vigilance, we are in a far better place to deal with any future spikes than was the case earlier in the year. Improved test and trace capabilities, a better understanding of how to manage the disease therapeutically, and the shielding of those at highest risk should all help mitigate any flare-up of the disease. While US case levels remain elevated, there does appear to be some flattening of new cases in some of the most severely affected states. Progress in developing a vaccine continues at a remarkable pace, with positive news released from a number of clinical studies during the month.

Parsing the effect of COVID on the UK economy is fraught with difficulty. By the end of the month news stories about impending job cuts were depressingly familiar. Lloyds Banking Group, in their interim results presentation, had a downside scenario which envisioned peak UK unemployment of 12.5% in Q2 2021. Yet for many across the country, lockdown has had a net positive impact on their finances. Recent updates from many retailers and housebuilders points towards a strong rebound in demand across many sectors of the economy. While a certain proportion of this will be 'catch-up' spending, it does appear that consumer activity is proving resilient.

After typically protracted discussions, EU leaders reached agreement on a €1.8tn recovery package to help the continent deal with the economic impact of COVID. The 'frugal' nations did manage to reduce the proportion of funds which will be delivered as grants, but overall the scheme should be seen as a victory for both the French and German governments. While people in the UK are often quick to emphasise fissures within the EU, the deal should reduce political tensions and heighten European cohesion.

Uniphar, the Irish healthcare service company, was the largest single contributor to performance. The company released a trading update which demonstrated the resilient nature of its business. Management expect profits to grow across all three of its core operating divisions during the current year. Caggemini, the French IT services company, also performed strongly as it released a reassuring set of H1 results. Organic revenues were markedly ahead of consensus expectations. Lime Technologies, the developer of customer relationship management software, continued to outperform as investors increasingly recognise the company's resilience following June's results.

Forterra, the brick manufacturer, was the largest negative contributor to performance as it announced a capital raise to maintain balance sheet strength as it completes the build of its Desford brick facility. Although the group, like many businesses, is facing short-term difficulties as a consequence of the pandemic, the UK brick industry retains many attractive long-term characteristics. Barco, the Belgian technology company, declined as delays to cinemas re-opening impacted its projectors business.

A new position was taken in Ericsson during the month. Holdings in EssilorLuxottica and JDE Peet's were exited.

Fund and index performance source: Lipper

Fund Facts

Launch Date: 31 October 2006

Benchmark Index:
FTSE World Europe Index

IA Sector: Europe inc UK

Type of Shares: Accumulation
XD Date: 31 December
Pay Date: 30 April

Fund Size: £19.6m

Fund Charges:

OCF*
Share Class A 1.98%
Share Class B 1.23%

*Ongoing Charges Figure includes Annual Management Charge and additional expenses.

Minimum Investment:

	Initial	Subsequent
Share Class A	£1,000	£200
Share Class B	£250,000**	£200

**Discounted to £1,000 for Professional Advisers

Risk and Reward Profile:



This profile is a historical indication of the Fund's volatility. The higher the number, the greater the risk that the Fund will make losses as well as gains.

- This Fund has been classed as 5 because its volatility has been measured as high.
- The historical data used for this purpose may not be a reliable indication of the future risk and reward profile for this Fund.
- The risk category shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

As at 29/05/2020

Past Performance is not a guide to future performance. All financial instruments involve a degree of risk. The value of your investments and any income from them can go down as well as up and you may not get back the amount originally invested.

ACTIVE STOCKPICKERS

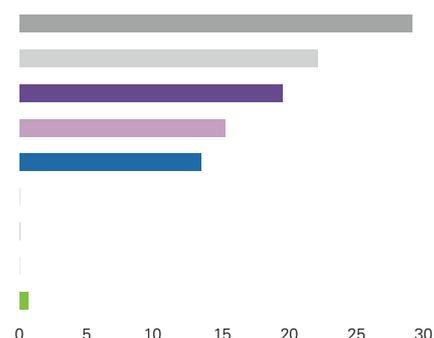
Portfolio Analysis

Risk Baskets

To help understand the overall balance of the portfolio, stocks are allocated to one of eight risk groups: defensive, cyclical, stable financial, unstable financial, consumer cyclical, oil & gas, mining and finally technology. Most of these groups are self explanatory but financials deserve some clarity. All financials are inherently unstable but in the main, Lloyd's underwriters and General Insurers take less balance sheet risk, so are relatively more stable than Banks or Life Assurers.

Seeing the portfolio broken down into these categories allows an understanding of how aggressive or defensive the overall portfolio is, and where risk is being taken.

	(Net %)
Cyclical	29.1
Consumer Cyclical	22.1
Defensive	19.5
Unstable Financial	15.3
Technology	13.5
Stable Financial	0.0
Mining	0.0
Oil & Gas	0.0
Cash	0.7



Cyclical: 29.1%

(%)

Capgemini	4.3
Synthomer	4.1
Smurfit Kappa Group	3.9
CRH	3.3
Alpha FMC	3.0

Consumer Cyclical: 22.1%

(%)

Nestlé	5.6
Unilever	5.1
Tesco	3.9
Norcros	3.7
Jost Werke	2.2

Defensive: 19.5%

(%)

DCC	5.6
Uniphar	5.2
Roche Holdings	4.7
AstraZeneca	3.9

Unstable Financial: 15.3%

(%)

Prudential	5.1
AXA	3.9
Onesavings Bank	2.1
Allianz	1.6
Lloyds Banking Group	1.6

Technology: 13.5%

(%)

Creo Medical Group	2.6
Koninklijke Philips	2.3
SDL	2.3
Ericsson	1.8
Barco	1.6

Stable Financial: 0.0%

(%)

Mining: 0.0%

(%)

Oil & Gas: 0.0%

(%)

This Month's Featured Stock

Barco

The full effects of the COVID-19 pandemic have become apparent through European Q2 results, revealing the unprecedented divergence across industries and sectors. Companies with multiple business segments, such as Belgian portfolio company Barco, are thereby proving particularly challenging to analyse.

As a provider of approximately one in two of the world's cinema projector screens, as well as LED screens for entertainment and hospitality venues, Barco's main division has been hard hit as customers shut down and preserved cash. Reopenings are now taking place, but film release schedules and capacity

limitations are proving to be difficult ongoing challenges.

Barco also serves the corporate market for wireless presentation sharing and provides panels for large scale control room environments. Here there was also a strong revenue decline in the second quarter, but with more visibility on a positive second half outlook.

Finally, Barco's healthcare business, producing specialised high definition screens and workflow solutions to areas like radiology, actually grew in the first half.

The company's share price has we feel been somewhat unduly punished, as providing working capital support to customers and continuing R&D investments left the market disappointed with the short term results. However, we believe Barco is taking the opportunity to tangibly strengthen its market position, which could provide very strong benefits if and when end markets pick up. In addition, our analysis indicates Barco has an underrated sustainability profile, with impressive management of eco-designed products, the supply chain and employee welfare. The risk/reward is looking increasingly favourable.

Stock Analysis

Top 10 Holdings	(%)
DCC	5.6
Nestlé	5.6
Uniphar	5.2
Prudential	5.1
Unilever	5.1
Roche Holdings	4.7
Capgemini	4.3
Synthomer	4.1
AstraZeneca	3.9
Smurfit Kappa Group	3.9
Total	47.5

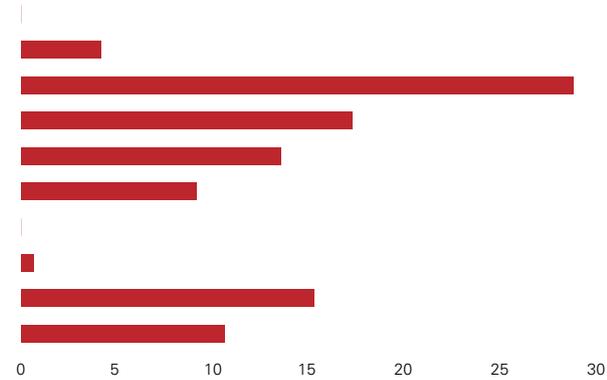
Size Analysis	(%)
Mega Cap (>€50bn)	20.9
Large Cap (<€50bn)	27.8
Mid Cap (<€10bn)	22.9
Small Cap (<€1bn)	27.8

Currency Exposure	(%)
Euro	37.9
Sterling	43.1
Norwegian Krone	1.5
Swiss Franc	10.3
Danish Krone	0.0
Swedish Krona	6.5
Other	0.0

Sector Analysis

Sector Breakdown (%)

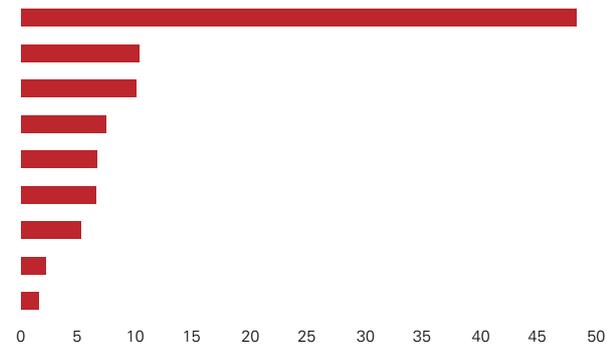
Oil & Gas	0.0
Basic Materials	4.1
Industrials	28.8
Consumer Goods	17.2
Health Care	13.5
Consumer Services	9.1
Telecommunications	0.0
Utilities	0.7
Financials	15.3
Technology	10.6



Geographic Analysis

Country Breakdown

	No. of Stocks	(%)
UK	17	48.2
Switzerland	2	10.3
France	3	10.0
Netherlands	2	7.3
Germany	4	6.6
Sweden	3	6.5
Ireland	1	5.2
Other		2.1
Norway	1	1.5



Please note that figures may not add up to 100% due to Cash holding.

Fund Performance to 31/07/2020

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Share Class B GB00B1FL7V46

MEX:

Share Class A SXSRIA
Share Class B SXSRI B

SEDOL:

Sedol GBP B1FL7S1
Sedol GBP B1FL7V4

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Cumulative Performance, % change

	One month	2020 yr to date	One year	Three years	Five years	Since launch*
SVM All Europe SRI Fund B	-1.3	-14.8	-6.1	-6.8	18.6	191.7
FTSE World Europe Index	-2.1	-8.0	-7.1	3.1	33.1	110.1
IA Europe inc UK Sector	-0.5	-4.2	-2.6	8.1	40.2	112.3

Source: Lipper, as at 31/07/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

*The Fund was launched on 31 October 2006

Percentage growth year on year to 30 June

	2020	2019	2018	2017	2016
SVM All Europe SRI Fund B	-6.2	-3.0	7.3	29.3	-3.4
FTSE World Europe Index	-3.2	6.0	4.2	25.4	5.3
Performance Difference	-3.0	-9.0	+3.1	+3.9	-8.7

Source: Lipper, as at 30/06/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

Five Year Performance (%)



Source: Lipper, as at 31/07/2020, B Share Class, GBP, UK net tax with net income reinvested and no initial charges.

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The value of your investments and any income from them can go down as well as up and you may not get back the amount originally invested.

This material should not be considered as advice or an investment recommendation. Investors should seek advice from an authorised financial adviser prior to making investment decisions.

The Fund is to be considered a medium to long term investment option.

The Fund incurs the following key risks:

In the event a preliminary charge is levied and an Investor then redeems the investment shortly after investing, they may not get back the original amount due to the initial charges; regardless of any market movements. Tax treatment can change at any time without notice and is beyond control of the Fund. Expenses incurred by the Fund that are chargeable can reduce income and restrain the capital growth of the Fund. Currency movements may cause the value of your investment to fall as well as rise. Stock market volatility may impact the Fund's ability to trade in, or obtain accurate valuations for, securities held in the Fund's portfolio. There can be no guarantee that the investment objective of a Fund will be achieved or provide the returns sought by the Fund. The Fund may enter into derivative contracts for efficient portfolio management (EPM) purposes. Full details on EPM can be found in Appendix A of the Prospectus. Further information about the risk factors relevant to the Fund can be found in the Prospectus and the Key Investor Information Document.

Unless otherwise stated all data is sourced to SVM.